OVERLAP

This Help Sheet contains two Working Sheets:

- **Working Sheet 1 (see the instructions on this page, and page 4) will help you calculate the tax credit relief that must be recovered if you are now claiming overlap relief**
- **Working Sheet 2 (see pages 2 and 3) enables you to work out your tax credit relief position if you have overlap profits.**

WORKING SHEET 1 - RESTRICTION OF TAX CREDIT RELIEF WHERE OVERLAP RELIEF IS ALLOWED - INSTRUCTIONS

Fold this Help Sheet out flat.

Fill in the Working Sheet on page 4, using the following instructions if you are claiming overlap relief as a deduction from business profits, and you got tax credit relief in earlier years against tax due on the overlap profits contributing to the amount deducted this year.

box 1 Enter the figure of overlap profits brought forward from last year.

box 2 Enter the amount of additional tax credit relief allowed in the years when the overlap profits arose (that is, when the basis periods overlapped) and which has not been recovered subsequently.

box 3 Enter the figure of overlap relief deducted in arriving at your taxable profits for 2000-2001 (from box 3.79 of your Self-employment Pages or box 4.10 of your Partnership Pages).

box 4 Enter the proportion of the figure in box 2 that relates to the amount of overlap relief claimed this year.

box 5 Enter the amount of foreign tax paid in the 2000-2001 basis period for income from the same source as the overlap profits.

box 6 Enter the amount of tax credit relief that would be allowable in 2000-2001 for the amount of foreign tax shown in box 5, if it were to be assumed that no overlap relief was deductible from 2000-2001 profits. For this purpose only you will need to add back the figure of overlap relief deducted (at box 3.79 of your Self-employment Pages), to arrive at taxable profits before overlap relief, and then complete a Tax Credit Relief Working Sheet (see pages FN15 to FN21 of the Notes to the Foreign Pages) to calculate the figure (from box TC129 in the TCRWS) to be entered in box 6 in Working Sheet 1.

boxes 7, 8 and 9 If the amount at box 6 is greater than that at box 4, enter the difference in box 7 and copy the entry to column D of your Foreign Pages, then complete the rest of the Page as indicated.

If the amount in box 4 exceeds that in box 6, enter the amount of the excess in box 8 and in box 9. No tax credit relief is due this year for income from the same source as the overlap profits. Instead, the excess of box 4 over box 6 will be recovered by way of a tax charge.

If you are calculating your tax copy the figure in box 9 to box 18.4 in your Tax Return.

Example 1
If your basis period for 2000-2001 runs from 1 January 2000 to 31 December 2000 but accounts have been drawn up for the six months from 1 January 2000 to 30 June 2000 and for the 12 months 1 July 2000 to 30 June 2001, enter information, profits etc. drawn from your accounts for the period 1 January 2000 to 30 June 2000 in boxes 3 to 7 and half of the profits, etc. shown by the accounts for the period 1 July 2000 to 30 June 2001 (that is, representing the profits, etc. of the six months 1 July 2000 to 31 December 2000) in boxes 8 to 12.

WORKING SHEET 2 - OVERLAP PROFITS AND TAX CREDIT RELIEF - INSTRUCTIONS

You only need to complete this if your basis period for 2000-2001 overlaps with that for 1999-2000 and you are claiming tax credit relief for 2000-2001. Fill in a separate Working Sheet for each business in which you have an overlap.

boxes 1 and 2 Enter the start and finish dates of your basis period of 2000-2001 (from boxes 3.74 and 3.75 of your Self-employment Pages) and its length in months.

Working Sheet 2

		Basis period	Months	Apportionment of accounts		Profits
2000-2001	1	/ / to / /	2			
	3	/ / to / /	4		5	£
	8	/ / to / /	9		10	£
	13	/ / to / /	14		15	£
			total of boxes 4 + 9 + 14		total of column above	
			18 £		19	£
1999-2000	22	/ / to / /				
overlap	23	/ / to / /	24			

	Months				
Overlap profits	25 / 26	x	27 £	=	28 £
Foreign source profits included	29 / 30	x	31 £	=	
Foreign tax	33 / 34	x	35 £	=	

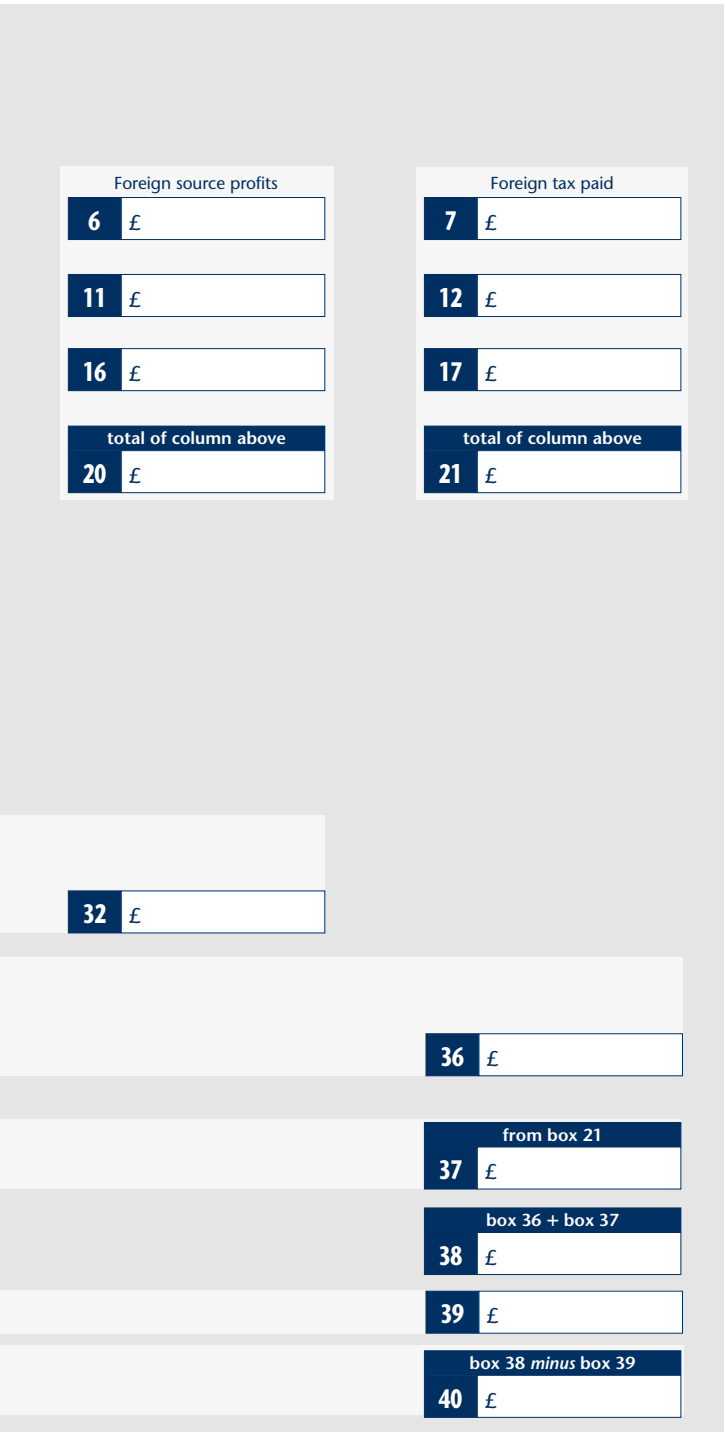
Add foreign tax paid on whole of taxable profits for 2000-2001 (including overlap profits)

Deduct the amount of tax credit relief allowed in 1999-2000 for the overlap profits

Amount of foreign tax available for relief in 2000-2001 on overlap profits

boxes 3 to 17 Use these boxes to show the results of all accounts that cover the period in box 1.

Where any period of account has had to be time-apportioned to determine the amount of taxable profits for 2000-2001 (because it does not wholly coincide with the basis period) enter only the information relating to that part of the period of account which forms part of the basis period. Where a complete period of account falls wholly within the basis period shown in box 1, enter the information requested without apportionment.



boxes 18 to 21 Enter the totals for each column. The number of months shown at box 18 must be the same as box 2.

box 22 Enter the start and finish dates of your basis period for 1999-2000.

boxes 23 and 24 Enter the start and finish dates, and the length in months, of the period that is common to both your 1999-2000 and 2000-2001 basis periods (the 'overlap' period).

boxes 25, 29 and 33 Enter the number of months of the overlap period as shown in box 24.

boxes 26, 30 and 34 Enter the number of months of the same period or periods of account shown in boxes 3, 8 and 13 that include the overlap period.

Example 2
So, continuing Example 1, if the overlap period is 1 January 2000 to 5 April 2000 (three months), '6' would need to be entered in each of these three boxes, because this is the length in months of the period of account into which the three month overlap period falls.

box 27 Enter the amount of total taxable profits (from boxes 5, 10 and 15) of the period or periods of account that includes the overlap period.

box 28 Multiply the figure in box 27 by the fraction (box 25 divided by box 26) and enter the result in box 28.

box 31 Enter the amount of foreign source profits (from boxes 6, 11 and 16) included in the total taxable profits of the period or periods of account which include the overlap period.

box 32 Multiply the figure in box 31 by the fraction formed by the figure in box 29 divided by the figure in box 30 and enter the result in box 32.

box 35 Enter the amount of foreign tax paid (from boxes 7, 12 and 17) on the foreign source profits shown in box 31.

box 36 Multiply the figure in box 35 by the fraction formed by the figure in box 33 divided by the figure in box 34 and enter the result here.

box 39 Enter the amount of tax credit relief allowed in 1999-2000 on the foreign source overlap profits shown in box 32.

Copy the figure in box 20 to column E (in the line giving other details for the business) of the Foreign Pages. Copy the figure in box 40 to column D (in the same line) of the Foreign Pages.

continued over

Working Sheet 1 - Overlap relief/tax credit relief

Overlap profits brought forward	1 £	Additional tax credit relief previously allowed	2 £
Overlap relief claimed in 2000-2001	3 £	Corresponding tax credit relief (box 3 divided by box 1 then multiplied by box 2)	4 £

Foreign tax paid in the 2000-2001 basis period from the same source as the overlap profits **5** £

Tax credit relief allowable in 2000-2001 if no overlap relief deducted from 2000-2001 profits (From Tax Credit Relief Working Sheet) **6** £

Box 6 *minus* box 4 **7** £

or

Box 4 *minus* box 6 **8** £

If the figure in box 6 is greater than the figure in box 4, the figure in box 7 is available for tax credit relief in 2000-2001. Transfer this figure to column D on Page F3 of the Foreign Pages.

If the figure in box 4 is greater than the figure in box 6, no tax credit relief is due for 2000-2001 for income from this source. Enter '0' in column D on Page F3 of the Foreign Pages. Copy the figure in box 8 to box 9. The amount of the excess is recoverable by way of a tax charge.

Tax credit relief to be recovered **9** £

Copy this figure to box 18.4 in your Tax Return.